

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 7, 1997

IN RE: UNIVERSAL SERVICE
GENERIC CONTESTED CASE

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) DOCKET NO. 97-00888
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ORDER ESTABLISHING PROCEDURES FOR LIFELINE CONSENTS PURSUANT TO
SECTION 214(e) OF THE TELECOMMUNICATIONS ACT OF 1996 AND FCC ORDER 97-157

This matter came before the Tennessee Regulatory Authority (the Authority) upon its own motion at a regularly scheduled conference held on October 21, 1997, pursuant to 47 U.S.C. § 214(e) of the *Telecommunications Act of 1996* and *Federal Communications Commission (FCC) Order 97-157*. The purpose of this Order is to authorize the reduction of intrastate rates to the end-user.

Background for the Order

In February, 1996, the United States Congress passed the *Telecommunications Act of 1996* ("Telco Act"). The *Telco Act* was enacted to further competition and reduce regulation for American telecommunications consumers. As a part of the *Telco Act*, a provision was made for preservation of Universal Service under § 254. Such preservation of Universal Service would provide a funding mechanism to ensure access to telecommunications services for low-income, rural, insular and high cost areas at a cost comparable to those in urban areas for similar services. The responsibility for implementing the *Telco Act* was delegated to the FCC, and on May 8, 1997, the FCC issued its *Report and Order, FCC Order No. 97-157 (Docket Number 96-45)*, implementing key portions of *Section 254* of the *Telco Act* which addresses Universal Service.¹ The order concluded several things, including identification of services

¹ The paragraphs addressed are 424 through 606 of the *Report and Order*.

to be supported by Federal Universal Service funding and the mechanisms whereby such funding will be provided. An increase in Federal Lifeline support is among the items earmarked for Federal funding.


Discussion

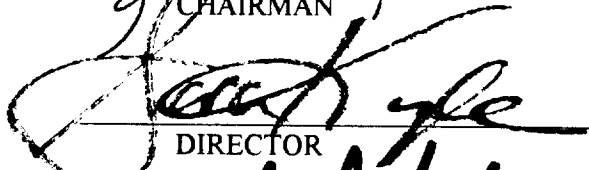
In the *Telco Act*, Congress directed the FCC and the State Commissions to take steps necessary to establish support mechanisms to ensure the delivery of affordable telecommunications service to all Americans, including low-income consumers, eligible schools and libraries, and rural healthcare providers. The FCC Order provides that Lifeline customers will receive \$3.50 in Federal support without a state matching requirement, beginning January 1, 1998. In states which accept an equivalent reduction (\$1.75) in the portion of intrastate local rates paid by the end-user, Lifeline customers will receive an additional \$1.75 in Federal support bringing the Federal contribution to \$5.25. The current state Lifeline discount of \$3.50 meets the requirements necessary to receive an additional \$1.75 in Federal support, which brings the total Federal support to \$7.00. Public Notice DA 97-1892 (Attachment A) specifies that the additional \$1.75 of Federal support will not be provided until the states inform the Universal Service Administrative Company ("USAC"), Sheryl Todd of the FCC, and the Office of the Secretary of the FCC that they have accepted the equivalent \$1.75 reduction of intrastate local rates. The Authority will notify the USAC, the Secretary of the FCC and Ms. Sheryl Todd of the FCC pursuant to Public Notice DA 97-1892 in a one page letter, by December 31, 1997, that the Authority accepts the \$1.75 reduction in the portion of intrastate local rates paid by end-users (Attachment B).

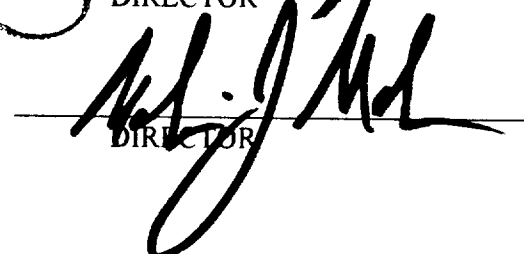
The Authority authorized the \$1.75 reduction in the portion of intrastate rates paid by end-users to obtain the \$5.25 in Federal Lifeline support; and discussed provisions that the FCC be notified that the State of Tennessee will continue to provide \$3.50 in state support to receive the one half (1/2) Federal match of \$1.75, to receive total Federal support of \$7.00; and that the intrastate Lifeline support when combined with the Federal Lifeline support shall not exceed the total of the subscriber line charge and the applicable local service rate charged to a Lifeline customer.

IT IS THEREFORE ORDERED THAT:

1. Upon consideration, the Authority accepts the equivalent \$1.75 reduction in the portion of intrastate local rates paid by end-users to obtain the \$5.25 in Federal support.
2. The Authority will notify the USAC, the Secretary of the FCC and Ms. Sheryl Todd of the FCC pursuant to Public Notice DA 97-1892 in a one page letter, by December 31, 1997, that the Authority accepts this \$1.75 reduction in the portion of intrastate local rates paid by end-users. By adopting this reduction, the Authority does not waive the right to file an appeal on matters contained in the FCC Order with the appropriate court of law or other entity.
2. The Authority will notify the FCC that the State of Tennessee will continue to provide \$3.50 in state support to receive the one half (1/2) Federal match of \$1.75, therefore, to receive total Federal support of \$7.00
3. The intrastate Lifeline support when combined with the Federal support shall not exceed the total of the subscriber line charge and the applicable local service rate charged to a Lifeline customer.
4. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.
5. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.


CHAIRMAN


DIRECTOR


DIRECTOR

ATTEST:


EXECUTIVE SECRETARY

[[Text Version](#) | [WordPerfect Version](#)]

ATTACHMENT A



PUBLIC NOTICE

Federal Communications Commission
1919 - M Street, N.W.
Washington, D.C. 20554

News media information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

Approved by OMB

3060-0793

Expires 03/31/98

Avg. burden hours per response: 1.25 hours

DA 97-1892

Released September 29, 1997

COMMON CARRIER BUREAU ANNOUNCES PROCEDURES FOR STATES REGARDING LIFELINE CONSENTS, ADOPTION OF INTRASTATE DISCOUNT MATRIX FOR SCHOOLS AND LIBRARIES, AND DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS

On May 8, 1997, the Commission released Federal-State Joint Board on Universal Service, *Report and Order*, CC Docket No. 96-45, FCC 97-157 (Order). In that Order, the Commission adopted rules providing funding for discounts to eligible schools and libraries and support for low-income customers. The Commission also adopted rules mandating that state commissions designate common carriers as eligible telecommunications carriers for service areas selected by state commissions in accordance with section 214(e). In this public notice, the Common Carrier Bureau announces procedures that states must follow in order to receive universal service support.

Lifeline. In the Order, the Commission concluded that a revised Lifeline program shall be available in all states. The Commission held that Lifeline customers will receive \$3.50 in federal support without a matching requirement, beginning January 1, 1998. In states that accept an equivalent reduction in the portion of intrastate local rates paid by the end-user, Lifeline customers will receive an additional \$1.75 in federal support above the current \$3.50 level. In addition, the Commission will provide federal support equal to one half of any support generated by state commission action, up to a maximum of an additional \$1.75 in federal support, provided that the state commission approves this additional reduction in local service rates charged to Lifeline customers. **To accept increased Lifeline support, states must send a one-page letter authorizing the reduction of intrastate rates to the Universal Service Administrative Company (USAC). A copy of the letter must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission. Letters must be received by the Office of the Secretary by December 31, 1997 to be eligible for increased support beginning January 1, 1998. States may file the letter after December 31, 1997 but those states' Lifeline customers will not be eligible for increased support beginning January 1, 1998. The purpose of this letter is simply to notify the Commission that a state approves the reduction in the portion of the intrastate rate paid by the Lifeline customer. In a separate filing sent to the Administrator by December 31, 1997,**

state commissions or carriers must demonstrate that the carrier's Lifeline plan complies with the Commission's rules and state the number of qualifying low-income consumers and the amount of state assistance (see 47 C.F.R. § 54.401(d)).

Schools and Libraries. As a condition of eligibility for federal universal service support for schools and libraries in a state, the Commission concluded that each state must adopt an intrastate discount matrix with entries at least equal to those of the interstate discount matrix. To notify the Commission that a compliant intrastate discount matrix for schools and libraries has been adopted, states must send a one-page letter to USAC stating this fact. A copy of the letter must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission. States should include a copy of the adopted intrastate discount matrix. Letters regarding the discount matrix must be received by the Office of the Secretary by December 31, 1997 to be eligible for funding beginning January 1, 1998.

Eligible Telecommunications Carriers. Section 214(e)(2) requires state commissions, either upon their own motion or upon request, to designate common carriers as eligible telecommunications carriers for service areas selected by the state commission. In addition, states must designate areas served by non-rural carriers. USAC will need the names of eligible telecommunications carriers and designated service areas for non-rural carriers in order to administer the universal service programs. Therefore, states should submit a list of eligible telecommunications carriers and the service areas that non-rural carriers are required to serve as soon as possible and in no event later than December 31, 1997, in order for carriers to be eligible for funding for high cost, low-income, and health care support, beginning January 1, 1998, except as set forth in 47 C.F.R. §54.621(a). Copies of the information must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission.

All correspondence addressed to USAC should be mailed to: 100 South Jefferson Rd., Whippany, N.J. 07981. All correspondence addressed to Sheryl Todd should be mailed to: Federal Communications Commission, Universal Service Branch, CC Docket No. 96-45, 8th Floor, 2100 M Street, N.W., Washington, D.C. 20554. All correspondence addressed to the Office of the Secretary should be mailed to: CC Docket No. 96-45, Federal Communications Commission, Room 222, 1919 M Street, N.W., Washington, D.C. 20554.

For further information, contact: Kim Parker (202) 418-7393.

Paperwork Reduction Act Requirement

The Telecommunications Act of 1996 directed the Commission to initiate a rulemaking to reform our system of universal service so that universal service is preserved and advanced as markets move toward competition. In the Report and Order on Universal Service (released May 8, 1997), the Commission adopted rules that are designed to implement the universal service provision of section 254. States must send a letter authorizing the reduction of intrastate rates. Each state must adopt an intrastate discount matrix with entries at least equal to those of the interstate discount matrix and send a notification letter indicating that it has done so. States must submit a list of carriers designated as eligible telecommunications carriers and the service areas such non-rural carriers are required to serve. All the

requirements are necessary to implement the congressional mandate for universal service. These reporting requirements are necessary to verify that particular carriers and other respondents are eligible to receive universal service support.

We have estimated that each response to this collection of information will take, on average, 1.25 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain required data, and actually complete and review the form or response. If you have any comments on this estimate, or on how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERF, Washington, DC 20554, Paperwork Reduction Project (3060-0793). We will also accept your comments via the Internet if you send them to jboley@fcc.gov. Please **DO NOT SEND COMPLETED APPLICATION FORMS TO THIS ADDRESS**.

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number or if we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-0793.

This notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. Section 552a(e)(3) and the paperwork Reduction Act of 1995, P.L. 104-13, October 1, 1995, 44 U.S.C. 3507."

TENNESSEE REGULATORY AUTHORITY

Lynn Greer, Chairman
Sara Kyle, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 7, 1997

Administrator
Universal Service Administrative Company
100 South Jefferson Road
Whippany, NJ 07981

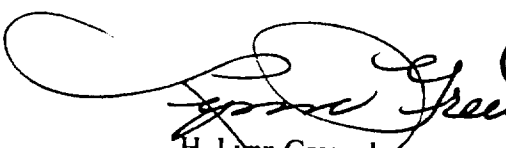
Attachment B


Re: Notification required by Public Notice DA97-1892 of acceptance by the State of Tennessee of the \$1.75 reduction in the portion of intrastate rates paid by end users.

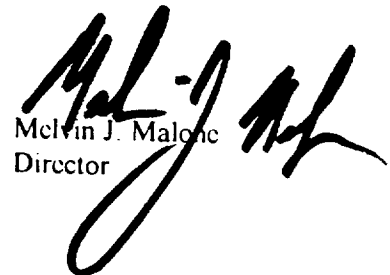
Dear Sir or Madam:

This letter is to advise you that on October 21, 1997, the Tennessee Regulatory Authority ("Authority") met in a regularly scheduled Conference. At the Conference the Authority accepted the \$1.75 reduction in the portion of intrastate rates paid by end users to obtain the \$5.25 in Federal Lifeline support. The Authority also Ordered that the FCC be notified that the State of Tennessee will continue to provide \$3.50 in state support to receive the 1/2 Federal match of \$1.75. Further, that the intrastate Lifeline support when combined with the Federal Lifeline support shall not exceed the total of the subscriber line charge and the applicable local service rate charged to a Lifeline customer.

Sincerely,


H. Lynn Greer, Jr.
Chairman


Sara Kyle
Director


Melvin J. Malone
Director

cc: Office of the Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, D.C. 20554

Ms. Sheryl Todd
Federal Communications Commission
2100 M Street, NW
Room 8611
Washington, D.C. 20554